

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Develop a
Successor to Existing Net Energy Metering
Tariffs Pursuant to Public Utilities Code
Section 2827.1, and to Address Other Issues
Related to Net Energy Metering.

Rulemaking 14-07-002
(Filed July 10, 2014)

**COMMENTS OF THE ENERGY FREEDOM COALITION OF AMERICA
ON THE PROPOSED DECISION ESTABLISHING A RESERVATION SYSTEM FOR
SOUTHERN CALIFORNIA EDISON COMPANY**

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SUBJECT INDEX

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission, the Energy Freedom Coalition of America provides the following index of recommended changes to the Proposed Decision issued May 17, 2016. Proposed changes to findings of fact, conclusions of law and ordering paragraphs are provided in Appendix A.

Decision Title:

Remove from the title, “AND ESTABLISHING RESERVATION SYSTEM FOR REMAINING CAPACITY AVAILABLE IN THE SERVICE TERRITORY OF SOUTHERN CALIFORNIA EDISON COMPANY”

Section 2.2:

Text regarding the proposed reservation system would need to be removed, and replaced with a paragraph to the effect of what is stated in the Energy Freedom Coalition of America’s comments, to the effect that SCE is unlikely to reach the 5% cap by July 1, 2017 and therefore a reservation system is not needed and will not be required.

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Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Energy Freedom Coalition of America (EFCA), respectfully submits these comments on *Proposed Decision Requiring Net Energy Metering Cap Reporting by All Investor-Owned Utilities and Establishing Reservation System for Remaining Capacity Available in the Service Territory of Southern California Edison Company* (PD), issued May 17, 2016.

I. Description of the Energy Freedom Coalition of America

EFCA is a national advocacy group formed under the laws of the state of Delaware. EFCA is an organization that seeks to promote public awareness of the benefits of solar and alternative energy through public advocacy, and promotes the use of rooftop and other customer-owned and third-party owned distributed solar electrical generation for residential and commercial uses. EFCA also advocates for energy storage applications in the electric power industry and for a “future grid” for electricity that could enhance consumer choice, improve resiliency and increase operational and cost efficiencies.

II. Introduction

On April 21, 2015, the California Solar Energy Industries Association (CALSEIA) filed a motion to create a reservation system with the aim of providing greater customer certainty during the transition to a new net energy metering (NEM) tariff for the investor-owned utilities (IOUs).¹ CALSEIA's proposal called for a separate reservation system for each IOU beginning three months prior to the IOU hitting its NEM cap, with a deposit to ensure projects that reserve space are likely to be constructed.

While the creation of such a reservation system would have been useful in providing certainty – especially for large commercial projects – if it had been established six months or so prior to the utilities hitting their NEM caps, it is now too late to implement a reservation system for Pacific Gas and Electric (PG&E) and San Diego Gas and Electric (SDG&E), as the PD points out. Establishing a reservation system for those two utilities would have resulted in the system being fully subscribed as soon as it was established, defeating the purpose of having a reservation system.

However, the PD does establish a reservation system for Southern California Edison (SCE), and it orders more consistent and frequent reporting by the IOUs so that solar developers will have a more accurate picture of progress toward the NEM caps. While EFCA appreciates the effort staff has put into this PD and supports the reporting requirements, the proposed reservation system for SCE appears to be unnecessary, since SCE seems unlikely to hit its NEM cap prior to the July 1, 2017 statutory deadline after which all projects must interconnect under the NEM successor tariff (NEM 2.0). To couch these comments on the PD in terms of an error of fact or law, EFCA suggests that it is an error of fact for the PD to not acknowledge current installation

¹ “Motion of the California Solar Energy Industries Association to Create a Reservation System for the Transition to a Successor Tariff,” April 21, 2015.

trends in SCE's service territory and the unlikelihood that the 5% cap will be reached prior to the statutory deadline of July 1, 2017.

In addition, EFCA is concerned that the proposed reservation system will result in a significant amount of capacity being reserved by large projects that are ultimately never built, or that interconnect after the July 1, 2017 deadline, causing the California solar industry to lose an unknown quantity of capacity on the more favorable Section 2827 NEM tariff currently in place (NEM 1.0). In other words, we anticipate that the cap will not be reached by July 1, 2017 if there is no reservation system, but the existence of a reservation system will lead to more reservations, which could lead to the cap being reached.

III. A Reservation System for SCE is Likely Unnecessary

As of April 29, 2016, SCE had 849 MW remaining and was averaging around 40 MWs per month of NEM interconnections, according to its monthly reporting. If the current rate were continued, SCE would not hit its NEM cap until December 2017. Even at an accelerated pace of installation, SCE appears unlikely to hit its 5% cap before the July 1, 2017 statutory deadline. If SCE does not hit its NEM cap until after July 1, 2017, a reservation system will serve little purpose, since in that case a project would be required to interconnect by July 1, 2017 in order to receive NEM 1.0 regardless of whether or not that project has reserved space on the reservation system.

While some large projects with long lead times might benefit from the added certainty of knowing they will get NEM 1.0 as long as they interconnect by July 1, 2017, those projects should be able to derive a similar level of confidence simply by observing the remaining capacity and current installation rates in SCE territory.

Thus, because July 1, 2017, rather than the 5% NEM cap, is likely to be the effective trigger for transitioning from NEM 1.0 to NEM 2.0 in SCE territory, it appears that a reservation system for SCE will serve little purpose.

IV. The Proposed Reservation System Will Cause a Loss of NEM 1.0 Capacity

One problem inherent in the creation of a reservation system is that project developers will naturally wish to reserve NEM 1.0 capacity for their projects as soon as possible, even if it is not certain that the projects will move forward. Once space is reserved, there is little incentive for the project to drop out of the reservation system, unless it becomes unequivocally clear that the project will not move forward.

The original CALSEIA proposal sought to remedy this problem by requiring applicants to pay a deposit, which would serve the purpose of ensuring that developers are confident a project will move forward. The PD, however, does not adopt CALSEIA's proposal for a deposit and includes no financial assurance that projects reserving space in the reservation system have a high chance of moving forward. Nor does the PD include other means – such as interim project deadlines – to ensure that space in the reservation system is not occupied by projects that will not ultimately be built. Indeed, the PD appears to recognize that the reservation system it proposes will likely lead to less than 5% of NEM 1.0 capacity being developed in SCE territory.

“The absence of an interim project completion deadline may lead to less than all of the MW available under SCE's capacity cap for the Section 2827 tariff being used, if some projects fail to submit completed interconnection applications before July 1, 2017, but do not drop out of the reservation system; or if some projects drop out and the replacement projects from the waiting list fail to submit completed interconnection applications before July 1, 2017.”²

² PD, p. 27.

Although the proposed reservation system in the PD does include some measures to ensure that projects reserving space in the reservation system are viable, those measures might not be strong enough to achieve the desired effect. For example, for applicants other than public agencies, the proposal in the PD requires a signed contract and an affidavit stating the applicant intends to build the project. But there is no requirement for what language must be included in the contract, and thus it would be fairly easy for applicants to submit contracts with easy escape clauses or exit ramps. The fact that SCE opposes the requirement for a signed contract on the grounds that it would be “administratively burdensome” is evidence that SCE lacks the desire and/or resources to review contracts to ensure they are legally binding.

Likewise, a signed affidavit would likely do little to ensure that applicants reserving space in a reservation system are 100% committed to developing the project. In all likelihood, an affidavit would simply say the applicant intended to move forward with a project at the time the affidavit was signed. But it would be almost impossible to go back at a later date and prove that such intent did not exist, and regardless there is no agency or other body that would seek penalties for breaking such an affidavit.

Furthermore, even if applicants are 100% committed to developing the projects for which they reserve space in the reservation system, there will certainly be some projects that reserve NEM 1.0 space but do not interconnect until after July 1, 2017, making them ineligible for NEM 1.0. These projects, combined with speculative ones reserving space in hopes that project development will move forward, could potentially consume a fair amount of space in the reservation system, and could force the solar industry to transition to NEM 2.0 in SCE territory long before it would otherwise be necessary. For this reason, EFCA respectfully requests that the Commission decline to establish a reservation system for SCE.

As noted earlier, while we do not expect the 5% NEM cap to be reached by July 1, 2017, EFCA expects that the existence of a reservation system would lead to more systems in the queue, with the potential for the cap to be reached by the July 1 deadline. We suggest that it is unnecessary to create a reservation system to address a problem that would be highly unlikely to happen if the reservation system were simply not established in the first place.

V. Conclusion

EFCA appreciates the Commission's efforts to ensure an orderly transition to the NEM successor tariff and supports the requirements in the PD for more consistent and frequent reporting of progress toward the NEM cap. However, EFCA opposes the creation of a reservation system for SCE at this time due to the fact that SCE's slow progress toward its NEM cap likely makes such a system unnecessary, and because a reservation system will cause an undetermined loss of NEM 1.0 capacity. Suggested revisions to the PD's findings of fact, conclusions of law and ordering paragraphs are provided in Appendix A.

Respectfully submitted this June 6, 2016 at San Francisco, California,

/s/ Jason B. Keyes_____

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APPENDIX A

The Energy Freedom Coalition of America (EFCA) provides the following recommended changes to the findings of fact, conclusions of law and order paragraphs in the Proposed Decision issued May 17, 2016.

Findings of Fact

For SCE, mirror requirements for SDG&E and PG&E in FOFs 10 and 11:

12. It is reasonable to ~~establish a reservation system to manage applications for interconnection~~ allow SCE to continue its current process for customers seeking to take service under the Section 2827 tariff in SCE's service territory until the total MW that have received authorization to operate and that have submitted complete applications, including final building inspection, reach SCE's Section 2827 capacity cap, or until June 30, 2017, whichever first occurs.

Conclusions of Law

Remove COL 12 and renumber:

~~12. In order to maximize the opportunity for customers to plan for the interconnection of NEM-eligible systems, SCE should institute a reservation system for remaining available capacity under the Section 2827 tariff beginning September 1, 2016.~~

Remove last paraphrase of COL 18:

18. . . . using the sum of the capacity of NEM-eligible systems that have received Authorization to Operate, plus the capacity of systems that have submitted complete applications, including final building inspections, but are awaiting Authorization to Operate, ~~plus the capacity represented by all customers with confirmed reservations in the reservation system required by this decision, or July 1, 2017, whichever occurs first.~~

Remove COL 19 and 20 regarding the reservation system:

~~19. In order to provide an adequate period of time for the reservation system in SCE's service territory to be set up, not later than 30 days from the date of this decision, SCE should file a Tier 1 advice letter that includes the form of attestation that must be submitted for a place in the reservation system, and all changes to its Section 2827 tariff necessary to effectuate the reservation system required by this decision.~~

~~20. In order to provide reasonable notice of the institution of the reservation system required by this decision in SCE's service territory, not later than July 1, 2016, SCE should notify all applicants for interconnection under the Section 2827 tariff between January 1, 2006 and June 15, 2016 of the institution of the reservation system.~~

Ordering Paragraphs

Remove Ordering Paragraphs 20-22 regarding the reservation system:

~~20. Not later than 30 days after the effective date of this decision, Southern California Edison Company must file and serve on the service list of this proceeding a Tier 1 advice letter that provides the form of attestation required for participation in the reservation system required by this decision.~~

~~21. Not later than 30 days after the effective date of this decision, Southern California Edison Company must file and serve on the service list of this proceeding a Tier 1 advice letter that makes any and all changes necessary for the implementation of the reservation system required by this decision in its current Net Energy Metering tariff pursuant to Pub. Util. Code § 2827.~~

~~22. Not later than July 1, 2016, Southern California Edison Company must notify all installers who have submitted interconnection applications under the net energy metering tariff authorized by Pub. Util. Code § 2827 in the period beginning January 1, 2006 and ending June 15, 2016 of the institution of the reservation system required by this decision.~~